

STAND. COM. REP. NO.

2252

Honolulu, Hawaii

FEB 13 2018

RE: S.B. No. 2188
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,
to which was referred S.B. No. 2188 entitled:

"A BILL FOR AN ACT RELATING TO THE CONVEYANCE TAX,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish an additional conveyance tax for the sale of certain condominiums or single family residences; and
- (2) Require that the revenue collected in each county from the additional conveyance tax be allocated to the respective county's affordable housing fund.

Your Committee received testimony in support of this measure from the Maui County Council. Your Committee received testimony in opposition to this measure from the Hawai'i Association of REALTORS. Your Committee received comments on this measure from the Department of Taxation.

Your Committee finds that creating additional affordable housing units is a top priority in each of the counties. Demand for affordable housing is far outpacing supply, and creative solutions and resources are needed for each county to uniquely address the dire shortage of housing. This measure therefore establishes an additional conveyance tax on condominiums and



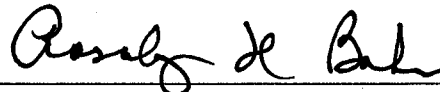
single family residences with a value of \$2,000,000 or more and allocates one hundred percent of the revenue from the additional tax to the revolving affordable housing fund of the county where the property is located. The Department of Taxation testified before your Committee that the Department estimates that the additional conveyance tax proposed by this measure could raise an additional \$56,800,000 per year for affordable housing.

Your Committee has amended this measure by:

- (1) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (2) Making a technical, nonsubstantive amendment for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2188, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2188, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Commerce, Consumer
Protection, and Health,



ROSALYN H. BAKER, Chair



